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# New Zealand: A Profile of Labor at the Helm

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An Intelligence Assessment

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# New Zealand: A Profile of Labor at the Helm

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An Intelligence Assessment

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## New Zealand: A Profile of Labor at the Helm



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### **Key Judgments**

*Information available  
as of 15 July 1985  
was used in this report.*

A young, well-educated, and supremely confident generation of Labor politicians has revived the Labor Party's electoral support, reoriented its economic policy toward free market operation, and reinforced its antinuclear policy. Leading the resurgence have been Prime Minister David Lange and leftwing leader Jim Anderton, rivals for party leadership and architects of the renaissance.



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Lange's charismatic oratory, especially in debating former Prime Minister Muldoon, has propelled him to the forefront of parliamentary politics. His rapid rise has been aided by two developments in domestic politics: mounting dissatisfaction among the electorate with the stagnant economy under Muldoon's National Party government, and increasing dissatisfaction within Lange's own Labor Party over the ineffectiveness of the old guard—headed by thrice-defeated former Prime Minister Bill Rowling. Lange's sudden rise, however, has meant that he has had to try to consolidate his power base at the same time he has been mastering the art of governing.



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To maintain control of the party, Lange must limit the influence of Anderton, whose talent for organization during the 1970s saved Labor from financial disaster, rallied voters, and won him the loyalty of the grassroots party workers. Anderton has strengthened his influence by making the party's annual conferences—which are usually dominated by his supporters—policymaking events. Anderton now challenges Lange in the party parliamentary caucus—especially on economic policy—although we judge that he is not strong enough to challenge Lange for the party leadership.



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On the issue that most concerns the United States—the ban of nuclear ship visits—the party is unified. Opposition to things nuclear traverses the political spectrum, and we cannot identify one Labor Party member of Parliament who is not opposed to the entry of nuclear weapons into New Zealand. Some Labor Party members of Parliament would agree that the government's policy is costly because of US sanctions, but, in light of widespread popular support for the nuclear ban, we expect Lange and his party to hold firm.



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Moreover, the nuclear issue is no longer of front page interest to the New Zealand public—which is preoccupied with economic woes. We believe economic policy will be the major issue in domestic politics during the rest of Lange's term and in his reelection campaign in 1987.



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## New Zealand: A Profile of Labor at the Helm

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### **Postwar Decline of the Labor Party . . .**

Traditional caricatures of the Labor and National Parties portray National attracting the farmers and the monied classes—businessmen, financiers, and professionals—and Labor appealing to the blue-collar workers, especially trade union members, and the leftist ideologues. After World War II, however, the Labor Party's trade union base began to erode. First, union membership itself declined because a smaller portion of the work force was engaged in industry. Second, fiery devotion to the union movement's cause waned as memories of the Depression faded, working-class neighborhoods were supplanted by urban renewal, and more New Zealanders considered themselves middle class. Registered Labor Party membership, accordingly, fell from 14.5 percent of the population in 1940 to 6.4 percent in 1976, while revenues from party dues declined proportionately.

Trade unionists have also been at odds with other Labor constituencies—weakening what remained of Labor's dwindling political base. Unionists struggled bitterly with the university intellectuals who joined the Labor Party in the 1960s, attracted by its anti-Vietnam-war platform. They also accused party leaders of forsaking the working class because both the 1957-60 and the 1972-75 Labor governments took a hard line in industrial disputes. By the same token, party politicians have accused trade union leaders of disregarding the party's interests, because unions have more than once called strikes that seriously inconvenienced the public shortly before an election. Moreover, acknowledged Communists with well-known links to Moscow hold prominent positions in some unions, and many Labor leaders believe being associated with the trade union movement alienates voters who might otherwise support the party.<sup>1</sup>

<sup>1</sup> US Embassy contacts say that at least 28 Federation of Labor (FOL) members visited the Soviet Union in 1983 and that the number of free airline tickets to the USSR available through FOL leaders continues to rise. About 30 percent of the current Labor Party parliamentary caucus has traveled to the USSR or Eastern Europe under Soviet auspices, according to Embassy estimates.

### **. . . And a Resurgence**

Since the early 1980s, Labor has reversed its fortunes, benefiting mainly from the National Party's inability to handle New Zealand's economic problems. Trade unions began to look back toward Labor after the National Party government placed labor disputes under criminal law in 1980. Meanwhile, Prime Minister Muldoon's welfare-state policies placed a drag on the economy that virtually halted growth and raised unemployment, further discouraging working-class voters.

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Muldoon's policies also alienated traditional upper-class National Party supporters—business leaders called them "erratic, arbitrary, and capricious." Millionaire Bob Jones harnessed the discontent among businessmen, professionals, and some farmers and formed a new party in 1983—the New Zealand Party. Labor Party leaders, however, were also promising to turn around the sputtering economy with a more "realistic" economic program, and thus won some business support. Profiting from the New Zealand Party's vigorous campaign, which split the National vote, Labor won by a landslide in the July 1984 national election—capturing 43 percent of the popular vote to National's 36 percent and the New Zealand Party's 13 percent.<sup>2</sup>

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### **The Architect and the Spirit**

The shape of the Labor Party today primarily reflects the simultaneous rise to positions of power of Aucklanders David Lange and Jim Anderton. Leftwing

<sup>2</sup> In early July 1985 Jones withdrew his personal and financial support from the New Zealand Party and suspended its political activity for 18 months—despite the party's good showing in the June by-election for the seat of Timaru. According to the US Embassy, Jones is unhappy that the party has been used as a "protest vehicle" for voters dissatisfied with the free market economic reforms of the Labor government—which embody many of his economic policy objectives. Moreover, after donating an estimated \$750,000, Jones is reluctant to pour more funds into a party that is continually in debt. Because the National Party's new leaders are leaning toward more conservative economic policies, most New Zealand Party voters will most likely return to the National Party.

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**Trade Union Leadership and the Labor Party**

New Zealand trade unions have for years been in low-intensity conflict with the Labor Party. Unions expect the party to serve obediently as their "political arm," while the party believes unions should give electoral support but leave the governing to politicians. With the Labor Party now in power, trade union leaders face a dilemma: if they continue to challenge the market-oriented economic policies of the Labor government and thus split the party, they risk returning the National Party to power at the next election. But if they allow a short-term reduction in real income for their members as the government prescribes—to improve international competitiveness—they encourage the already significant loss of faith among the rank and file in the efficacy of unions, forfeiting their power to call debilitating strikes and thus undermining their own political influence.

New Zealand's primary union organization, the Federation of Labor (FOL), faces internal problems of its own. Several moderates and pro-US trade unionists have resigned from FOL Executive Council positions, frustrated by its radicalism. At present, the council

is staffed by two admitted Communists, Ken Douglas and Bill Andersen, who are members of the Moscow-aligned Socialist Unity Party (SUP); two alleged Communists, Rob Campbell and Len Smith; four leftwing socialists, Jim Knox (FOL President), Sonja Davies, Rex Jones, and John Slater, who usually side with Campbell and Smith; and only three moderates, Sam Jennings, Ashley Russ, and Wes Cameron. Of the moderates, Cameron and Russ often do not support positions favorable to the United States, and Cameron is to take another position soon.

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To complicate matters, in July 1984 the Electrical Workers Union (EWU) split from the FOL. The Engineers Union and the Printers Union have threatened to pull out as well. Since then, Tony Neary—leader of the EWU and opponent of the leftward drift in FOL politics—has been trying to unite groups unaffiliated with the FOL. US Embassy officials have little hope that Neary's efforts will bear fruit, however. Important trade union leaders are profiled in figure 2.

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leader Anderton is, in our judgment, the "architect" of the new Labor Party, having rebuilt it as party president from 1979 to 1984. Lange, we believe, is the "spirit" of the new Labor Party, having made Labor's traditional, social reformist goals popular again by infusing them with a message of renewal and hope. Behind Lange and Anderton stands a young, well-educated, and supremely confident generation of Labor Party leaders.<sup>3</sup> They have put a new face on Labor policy by reorienting economic policy toward free market goals and reinforcing an antinuclear foreign policy—all in the name of recognizable, mainstream Labor, social democratic goals.<sup>4</sup>

**Anderton Builds . . .** As early as 1974, international journalists pegged Anderton as a future leader, and New Zealand watchers interpreted his active party

presidency as a bid to become the party's parliamentary leader when Rowling stepped down. Not satisfied to be an administrator, the hard-driving Anderton has consistently feuded with the party's parliamentary leaders over control of policymaking, and his circumvention of parliamentary processes has often provoked their anger, according to US Embassy reports.

Anderton's Labor roots go back to the late 1960s when "a little clique of young leftists" formed on the Auckland University campus. The group included ministers of the current Cabinet Jonathan Hunt, Michael Bassett, and Mike Moore (all of whom subsequently switched their loyalties to Lange). According to their own accounts, they joined Labor primarily because of its anti-Vietnam-war rhetoric. Anderton became disgruntled with the party's method

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***How the New Zealand Electorate Voted***

*Labor's base of support continues to be largely drawn from the nation's five largest cities. Of these cities' 39 parliamentary seats, Labor won 32, National five, and Social Credit two in 1984. Labor also won the four seats allotted to the indigenous Maori population and a few rural districts on each island. National solidly held the sheep-farming country on the northwestern half of the North Island, as well as the large rural districts on the southernmost tip and the east coast of the South Island. National also won four small cities: New Plymouth (where one of Muldoon's "Think Big" petroleum projects is located), Invercargill, Whangerei, and Rotorua (all surrounded by solidly National districts).*

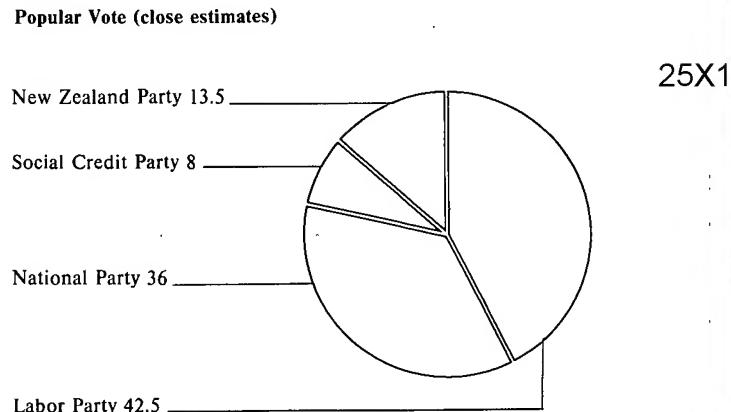
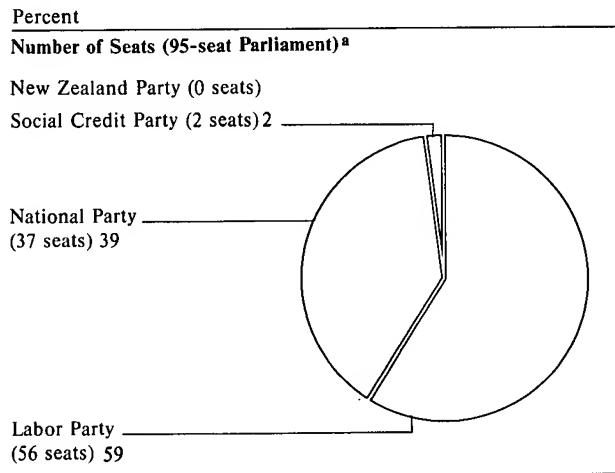
of operation because "the party membership was totally against the war, but somewhere at the parliamentary level we seemed to fudge it a bit."

Anderton's primary aims as party president were to modernize and streamline the party. In practice, this has meant reworking party machinery to give delegates to the annual party conference—which has become the party's primary policymaking exercise—the power to overrule the parliamentary wing.<sup>5</sup> Anderton believes the party is more credible now that the party-at-large makes policy and binds its members of Parliament (MPs) to follow conference decrees. We believe Anderton is correct in applying this to left-of-center voters; third parties on the left of the political spectrum are waning, and Labor seems to be capturing their base of support.

Anderton also rescued the party from critical debt during his five years as president. To offset the decline in party dues paid by members of affiliated unions, Anderton introduced fundraisers (such as raffles) and effectively organized young people to knock on doors,

<sup>5</sup> "The supreme governing body of the party" is formed by 400 to 500 delegates elected by party branches to attend the annual conference. There, resolutions passed at six regional conferences become topics for debate and are put to a vote. If passed, the resolutions are submitted to the policy committee to be drawn up into the party platform. The platform becomes binding on all candidates once it is ratified by the conference.

**Figure 1**  
**New Zealand: Labor Party Victory, July 1984**



<sup>a</sup> Seats held after July 1985 by election:  
55 Labor, 38 National, 2 Social Credit.

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tack up posters, and dial telephones to increase membership and donations. Anderton—correctly, in our view—credits his reinvigorated party organization with returning the majority of the New Zealand popular vote to the Labor Party in 1981 and making victory possible in 1984.

### Labor's Economic Reform Policies

Upon assuming office in July 1984, Prime Minister Lange's conservative team of economic policy makers—Roger Douglas, Richard Prebble, and David Caygill—initiated sweeping reforms designed to improve New Zealand's international competitiveness and regain its declining share of world trade. They began by:

- Devaluing and later floating the New Zealand dollar.
- Removing price and interest rate controls.
- Liberalizing restrictions on international flows of capital. [redacted]

Although the Labor government's first measures met with public approval, criticism has mounted since November 1984—when Labor announced an austere budget and a plan to dismantle New Zealand's system of protection for domestic industry. These moves included:

- Lowering import barriers.
- Reducing farm, fuel, and export subsidies.
- Raising taxes and charges for government services. [redacted]

Undaunted by Labor's slipping popularity in public opinion polls, Lange's economic policy team has continued its calculated gamble by restructuring the tax system and revising New Zealand's centralized wage negotiating process to encourage enterprise-level bargaining. Labor Party leaders, [redacted]

[redacted] believed they could not achieve economic reform piecemeal because of New Zealand's three-year election cycle. They hoped to weather the grumbling of the electorate early in their term and be reelected amidst an economic rebound in 1987. Our analysis indicates, however, that growth will be slower in 1985 and 1986 than in 1984—primarily because markets for New Zealand's traditional exports are being squeezed and redirecting industry investment will take more time. [redacted]

... And Lange Infuses. The disparate faction behind Lange was originally united by the belief that the Labor Party could not win with three-time election loser Rowling at the helm and by a strong antipathy



Leftwing leader Jim Anderton [redacted]



Prime Minister David Lange [redacted]

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to party president Anderton. On the opposition benches, Lange was the only Labor Party member in Parliament charismatic enough to match Muldoon in debate, and on the campaign trail he convincingly articulated Labor positions and won votes. His maiden address to Parliament on 27 May 1977—proclaiming the virtues of a New Zealand upbringing in a witty, reminiscent manner, while demanding that the New Zealanders' lot be improved—was widely publicized and propelled him to national prominence.

Lange's name immediately appeared in public opinion polls among those preferred by respondents for Prime Minister. By April 1978 he was rated well ahead of deputy opposition leader Bob Tizard and not too far behind opposition leader Rowling. [redacted]

Some young Labor Party MPs—Aucklanders Michael Bassett, Richard Prebble, Anderton, and Roger Douglas—resolved to change Labor's "party of defeat" image in 1978 by repackaging policy and promoting younger leadership. They concluded that the first step should be replacing the uninspiring Tizard with the more popular Lange on the Labor Party ticket. Rowling neutralized the plan through a series of changes in the party hierarchy. But, after Labor took another thrashing at the polls in 1978, serious coalition building began among younger MPs, and Lange won the deputy slot by two votes in November 1979. Lange continued his attacks on National Party policy, and, when Rowling stepped down in February 1983, Lange stepped in. [redacted]

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Upon assuming leadership, Lange eliminated front bench-back bench distinctions and appointed "spokespersons" for policy areas in order to secure unity in the Labor Party caucus while promoting several of his supporters. Since then, a de facto "inner cabinet" has emerged, with Lange's supporters in leading positions. Lange also has squared off against Anderton at the annual Labor Party conferences, matching Anderton's cries for socialist economic policies and the welfare state with pleas for pragmatism.

Lange has been universally criticized since assuming office for his relative inexperience, particularly during his first weeks of government, when he insufficiently disciplined his caucus. Ministers appeared to contradict one another in press statements. In early September, Anderton left the country for Australia without notifying the Prime Minister and presented his own views to the Australian press as if they were established party policy. Lack of experience also plagues the Cabinet. Only four ministers—Douglas, Tizard, Moyle, and Colman—previously have held portfolios.

By the end of September 1984, however, New Zealand political observers noted a new discipline in Lange's Cabinet and a silence among Anderton's supporters, suggesting that Lange is a "quick study" in the art of governing. According to US Embassy reports, for example, Acting Prime Minister Palmer refused in September press conferences to discuss Defense Minister O'Flynn's comments on ANZUS or to speculate about Lange's meeting with US Secretary of State Shultz in New York. Meanwhile, Finance Minister Douglas, having frankly discussed economic initiatives with US officials, risked awkward silence rather than comment on the issue of port access by nuclear ships. Moreover, Douglas and Prebble talked with labor leaders in October about proposed budget reforms, but consistently declined to discuss areas of economic policy for which Caygill was responsible.

#### The Rivals: Divided at Work . . .

Since he won his first seat in Parliament last year, Anderton has had a second medium through which to

influence Lange.<sup>6</sup> In our judgment, he and other Labor leftists came to the government benches anticipating a hard fight over nuclear issues. Lange's unshakable stand in support of banning nuclear-armed and nuclear-powered warships from New Zealand ports, we believe, far exceeded their expectations. Thus, for several months Lange and his conservative team of economic policy makers were allowed free rein on matters of principal interest to them, in particular in the area of economic policy.

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Now confident that the port ban is secure, the Labor left has renewed its attack on the market-oriented course charted by Lange's economic policy makers. In the six regional party conferences held from March through May 1985, Lange's Cabinet fought hard to gain support for its proposed goods and services tax, but no conference gave unqualified approval, and the most recent Wellington conference flatly rejected it. Thus, by using its strongest weapon—party conferences—the Anderton faction already has forced Cabinet conservatives to postpone introducing the tax. It probably will achieve modifications of the tax plan at the nationwide party conference in September and possibly could stir up enough grassroots opposition to cause Lange to scrap the plan entirely.

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The party constitution continues to work to Anderton's advantage in formulating party policy positions because annual party conferences are dominated by

<sup>6</sup> The US Embassy estimated in August 1984 that only 26 of the 56 Labor MPs supported Lange, and 24 supported leftwing leader Jim Anderton. Many of the new MPs—about 12 are first-term members—were recruited through the Anderton party machinery. Several first-term members subsequently abandoned Anderton, preferring, we believe, to link their political fortunes with Lange, and by the end of October the US Embassy reported Anderton's faction numbering only 15. Oral reports from political observers during the last two months indicate that Anderton may now command as few as five or seven votes on many issues. In our judgment, however, he can muster at least 18 or 20 caucus votes to challenge the moderates' free market economic initiatives—and may ultimately garner a majority as the country's economic fortunes decline.

Attitudes of caucus members toward the United States fall roughly into four categories, not always corresponding to members' Anderton-Lange factional affiliations. According to our estimates, there are 21 caucus members generally pro-US; 14 apparently open to the United States; 13 usually anti-US, though not extreme left; seven anti-US and left wing.

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his supporters. Before Anderton's presidency, annual conferences were dominated by the party's parliamentary branch and its affiliated trade unions. Union leaders were granted bloc votes in return for their financial support of parliamentary candidates, but MPs were often able to influence their affiliated unions to support their preferred policy positions.<sup>7</sup> Conference delegates are now elected by local party organizations—the lower levels of Anderton's hierarchy—more or less on the basis of interest and availability. Many attendees are drawn from the ranks of or are elected by the college-age workers organized by Anderton's efficient party machinery.

Not surprisingly, activists have a higher proportion of representatives at party conferences than is justified by their numbers in the Labor Party constituency. Moreover, because delegate votes are no longer tied to the positions of popularly elected members of Parliament, leftwing initiatives have prevailed in recent years. In fact, in 1984 Deputy Party Leader Palmer told the US Embassy that the party had no choice but to include the antinuclear plank in its campaign platform, because otherwise it could not attract enough young people to round up votes.

Within Parliament, however, Lange has successfully dealt with the Anderton faction. After excluding Anderton from his Cabinet by using a longstanding party tradition that first-term MPs are not given portfolios, he assigned Anderton the time-consuming job of rounding up votes for the party's positions when bills come before Parliament and the more irksome chore of nagging Labor MPs for questions the party should address in Parliamentary sessions. In another deft move, Lange gave Anderton-supporter Ann Hercus the police and social welfare portfolios. She has gained prestige by becoming the nation's first woman Minister of Police, but the portfolios are of little consequence in politics and will require much time and effort to solve the constant headaches associated

<sup>7</sup> The general decline of union involvement in the Labor Party and Anderton's new party rules have reduced union influence. Although Lange's policies and cajolery have regained working-class votes, the trade union movement has not regained its power in the party organization or increased its representation in Parliament. Eight Labor members of Parliament have had some experience in union organizations: Stan Rodger, Fraser Colman, Eddie Isbey, Fred Gerbic, Phil Goff, Fran Wilde, Mary Bachelor, and David Butcher. None are among Lange's inner circle of advisers.

with them. In the Parliamentary chamber, moreover, Lange's deputies Moore and Prebble have successfully limited the speaking time of Anderton faction members—despite the protests of the somewhat naive Palmer who would prefer to be "fair" to everyone.

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#### ... But Unified on the Nuclear Issue

Once an issue that split the caucus along factional lines, the nuclear question is now one of the few political issues that traverses the Anderton-Lange division. Both Lange and Anderton supporters now recognize that there is general political support for the belief that New Zealand can make a contribution to world peace by banning nuclear-powered and nuclear-armed warships. Opposition to "things nuclear" has become an article of faith within the Labor Party.

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While Labor was in opposition, annual party conferences regularly passed resolutions calling on the next Labor government to bar nuclear-powered and nuclear-armed ships from New Zealand harbors—encouraged by the success of the Norman Kirk Labor government (1972-74) in forbidding nuclear ships to enter. In 1983 Lange offered the opinion that nuclear-powered ships were safe and therefore might be admitted to New Zealand ports. His position met with overwhelming defeat in a caucus vote—which Lange has not forgotten.

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In part, Muldoon is responsible for Labor's unanimous antinuclear position because he tried to polarize the electorate over the issue. Muldoon maintained that to ban port calls by nuclear ships would destroy ANZUS and insisted that voters must choose between the ban and ANZUS—a tactic that for a time prevented antinuclear voters from gaining the upper hand. The opposition, however, refuted Muldoon's position by pointing to the Kirk years during which no nuclear-powered ships were sent to New Zealand by the United States. Furthermore, Muldoon called Labor Party MPs who supported the ban naive, and his ridicule made them martyrs to their cause.

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Some New Zealand observers delineate between the Labor Party factions according to the formula advanced by Lange: "Anderton's faction is anti-American; we are only antinuclear." We believe the distinction is irrelevant, given US policy of neither confirming nor denying the presence of nuclear weapons aboard its warships. Lange and his ministers, however, were not quick to perceive—or accept—this. As late as September 1984, Lange's close adviser, Mike Moore, told a US Embassy official that his idea of a compromise solution to the problem was that the United States should "finesse" the nuclear power issue by asking to send a conventionally powered ship and should "tell David privately" that no nuclear weapons would be on board the ship requesting access.

In our judgment, Lange fully expected the US Government to agree to an eventual "compromise" on his terms, and his penchant for speaking off the cuff in press interviews inched him into a trap from which he could not extricate himself. First, he announced to the press that, in accord with Labor Party policy and the mandate he had received in the July 1984 election,<sup>8</sup> he would under no circumstances allow nuclear-powered or nuclear-armed ships in New Zealand harbors. Later he claimed that the United States would never request port access for a nuclear-powered or nuclear-armed ship because it would not want to be rebuffed. In December he declared that the New Zealand Government would independently assess the armament of whatever ship requested access—

Given these proclamations, Lange cannot now accept any ship not demonstrably free of nuclear weapons without substantial embarrassment.

There are other reasons to believe Lange will not change policy. Everyone in the caucus is philosophically opposed to nuclear weapons entering the nation's ports. Therefore, even if Lange were inclined to remove the ban, there is no nucleus of party leaders ideologically opposed to the policy who would be willing to lead a campaign to change prevailing

<sup>8</sup> Well over 60 percent of the 1984 election vote went to parties whose platforms included antinuclear planks.

opinion.<sup>9</sup> If Lange wanted to modify the port ban policy, he would have to argue that the government's stand is costing more than it is worth—by requiring New Zealand to spend more on defense and limiting its access to intelligence information. Lange, however, will not acknowledge that New Zealand's security is in any measure reduced and has repeatedly announced that New Zealand does not wish to be defended by nuclear arms. Moreover, Lange has always been uncomfortable with political arm-twisting, in our judgment. Although Moore and Prebble have led politicking on Lange's behalf, neither has shown any interest in overturning the Labor Party policy on ship visits, and Lange is unlikely to instruct them to do so. Even if he did, they probably would not be able to win over a majority of the caucus.

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#### Looking Ahead: Give and Take Until 1987?

We do not expect Lange to be deposed from the party leadership before the next election, which must be held by the end of 1987. New Zealand watchers continue to ask when Anderton will challenge Lange, but we believe a variety of factors militate against such a leadership challenge. First, as the incumbent Prime Minister—and only the third Labor Party official since World War II popular enough to win that post in a general election—Lange holds considerable political clout. Second, New Zealand's postwar history is devoid of "no-confidence" votes because one or the other of its two largest parties has always held a majority of seats in the unicameral Parliament and both have enforced strict party discipline. Third, the Labor Party could not hope to win a general election led by someone viewed as an extremist. Whenever Lange is replaced, therefore, it is probable that the caucus will select a member of Lange's own faction rather than Anderton or one of his associates.

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<sup>9</sup> Geoffrey Braybrooke, in our judgment the most conservative member of the Labor Party parliamentary caucus, has told Embassy officials that he is in principle antinuclear—even though he says he understands the concept of deterrence and, perhaps, of a global balance of power. His electorate, moreover, is thoroughly antinuclear, so he says he cannot afford to oppose the government's policy. With Braybrooke on the right edge of the Labor Party political spectrum and every other caucus member to his left, it is clear that the chance for a reversal of the port ban policy by the government is remote.

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For now, Anderton seems to be content to challenge Lange on one issue at a time. He will not let Lange forget that he is standing ready to pick up the ball should the Prime Minister fumble, but even he seems to realize that a leadership dispute with a sitting prime minister would do his party more harm than good. Labor Party factionalism is thus unlikely to degenerate into a battle for leadership as long as Lange is popular enough to maintain the prime-ministership.

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The present Labor regime, however, faces the problem that plagued the 1972-75 government: Cabinet ministers running off in many different directions without coordination. New Zealanders have told US Embassy officials that Lange absorbs briefs so quickly that he cuts off Cabinet discussions before the other ministers begin to grasp the complexities of the case at hand. As a result, policymaking is compartmented: Lange frames foreign policy; Douglas, Prebble, and Caygill write economic policy; Moore manages trade policy; and lower-ranking ministers such as Hercus take care of complaints against the police and the social welfare system. Few high-ranking Labor Party MPs appear to have time for anything besides their own responsibilities. This approach by Lange could be deliberate—a response to the original lack of Cabinet discipline. Nevertheless, if few ministers know what is going on outside their own portfolios, the Labor government ultimately will be weakened, its policymaking hampered, and its reelection chances threatened.

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progress in dealing with the country's economic problems. If the economy sputters—for whatever reason—the Labor Party will be held responsible in the next election.

In contrast, the Labor Party's antinuclear policy is secure. In the next few months, we believe, Lange again will seek talks with the United States, but he will not allow nuclear-armed or nuclear-powered ships to enter New Zealand ports. The political dividends of the party's stand are clear: public opinion polls registered an immediate upturn in Labor's popularity after the port ban was announced, and public support for the ban continues even though the ANZUS issue is no longer of front page interest. In our judgment, any change in public opinion to favor a return to the obligations of the ANZUS alliance at best would be gradual.<sup>10</sup> Moreover, we believe any adverse reaction to the antinuclear policy—a lesser issue in domestic politics—would be insufficient in itself to oust the present government.

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<sup>10</sup> Furthermore, attempting to defend ANZUS in the present political climate might exacerbate antinuclear sentiments. In public debate, supporters of ANZUS have been painted as reactionary, and the concept of deterrence as an obsolete solution to the world's most serious problem. In order to justify ship visits now, Lange—or any other New Zealand leader—would have to argue primarily on the ground that ANZUS gives New Zealand a means of influencing the course of the arms race.

Complicating matters, Lange is likely to endorse legislation of the ban by the end of the year. In the face of demands by leftwing groups that Parliament write the ban into law, Lange's argument that legislation is unnecessary convinces no one. His claim that New Zealand should await the outcome of the South Pacific Forum's nuclear-free-zone treaty is also under fire from those who think the Forum's proposal has been watered down to the point of insignificance.

Divisions within the party will hinder and may even scuttle the dominant faction's economic program. The left wing can now cite Labor's stunning defeat in the July 1985 byelection in Timaru—36 percent to National's 43 percent—as evidence of popular discontent with Labor's reform program because the campaign was waged primarily on economic issues. We believe only sustained economic growth on the order of 3 to 4 percent annually—an unlikely prospect, according to our analysis—would deter the party's left wing and union leaders from demanding that Labor reverse its free market policies. At the same time, we believe the electorate ultimately will judge Labor according to its

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